

§ 35.45

may only purchase or receive non-power goods and services from a centralized service company at cost.

(4) A company in a single-state holding company system, as defined in § 366.3(c)(1) of this chapter, may provide general administrative and management non-power goods and services to, or receive such goods and services from, other companies in the same holding company system, at cost, provided that the only parties to transactions involving these non-power goods and services are affiliates or associate companies, as defined in § 366.1 of this chapter, of a holding company in the holding company system.

(c) *Exemption for price under fuel adjustment clause regulations.* Where the price of fuel from a company-owned or controlled source is found or presumed under § 35.14 to be reasonable and includable in the adjustment clause, transactions involving that fuel shall be exempt from the affiliate price restrictions in § 35.44(b).

[73 FR 11025, Feb. 29, 2008, as amended by Order 707–A, 73 FR 43083, July 24, 2008]

Subpart J—Credit Practices In Organized Wholesale Electric Markets

SOURCE: Order 741, 75 FR 65962, Oct. 27, 2010, unless otherwise noted.

§ 35.45 Applicability.

This subpart establishes credit practices for organized wholesale electric markets for the purpose of minimizing risk to market participants.

§ 35.46 Definitions.

As used in this subpart:

(a) *Market Participant* means an entity that qualifies as a Market Participant under § 35.34.

(b) *Organized Wholesale Electric Market* includes an independent system operator and a regional transmission organization.

(c) *Regional Transmission Organization* means an entity that qualifies as a Regional Transmission Organization under 18 CFR 35.34.

(d) *Independent System Operator* means an entity operating a transmission system and found by the Com-

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mission to be an Independent System Operator.

§ 35.47 Tariff provisions regarding credit practices in organized wholesale electric markets.

Each organized wholesale electric market must have tariff provisions that:

(a) Limit the amount of unsecured credit extended by an organized wholesale electric market to no more than \$50 million for each market participant; where a corporate family includes more than one market participant participating in the same organized wholesale electric market, the limit on the amount of unsecured credit extended by that organized wholesale electric market shall be no more than \$50 million for the corporate family.

(b) Adopt a billing period of no more than seven days and allow a settlement period of no more than seven days.

(c) Eliminate unsecured credit in financial transmission rights markets and equivalent markets.

(d) Establish a single counterparty to all market participant transactions, or require each market participant in an organized wholesale electric market to grant a security interest to the organized wholesale electric market in the receivables of its transactions, or provide another method of supporting netting that provides a similar level of protection to the market and is approved by the Commission. In the alternative, the organized wholesale electric market shall not net market participants' transactions and must establish credit based on market participants' gross obligations.

(e) Limit to no more than two days the time period provided to post additional collateral when additional collateral is requested by the organized wholesale electric market.

(f) Require minimum participation criteria for market participants to be eligible to participate in the organized wholesale electric market.

(g) Provide a list of examples of circumstances when a market administrator may invoke a "material adverse change" as a justification for requiring additional collateral; this list does not limit a market administrator's right to